

**REPORT OF THE AUDIT OF THE
CHRISTIAN COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2013**



**ADAM H. EDELEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE CHRISTIAN COUNTY FISCAL COURT

June 30, 2013

The Auditor of Public Accounts has completed the audit of the Christian County Fiscal Court for fiscal year ended June 30, 2013.

We have issued an unmodified opinion, based on our on the Statement of Receipts, Disbursements, and Changes in Cash Balances and Cash Equivalents - Regulatory Basis of Christian County, Kentucky.

Financial Condition:

The Christian County Fiscal Court had total receipts of \$22,648,534 and disbursements of \$21,056,559. This resulted in ending cash balances and cash equivalents of \$12,934,649, which was an increase of \$1,591,975 from the prior year.

Deposits:

The fiscal court deposits were insured and collateralized by bank securities.

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ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Lori H. Flanery, Secretary
Finance and Administration Cabinet
Honorable Steve Tribble, Christian County Judge/Executive
Members of the Christian County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances and Cash Equivalents - Regulatory Basis of Christian County, Kentucky, for the year ended June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1, the financial statement is prepared by Christian County, Kentucky on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Christian County, Kentucky as of June 30, 2013, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances and cash equivalents of Christian County, Kentucky as of June 30, 2013, and its cash receipts and disbursements, for the year then ended, in accordance with the accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Emphasis of Matters

As discussed in Note 14 to the financial statement, in fiscal year 2013, the Christian County Fiscal Court adopted new accounting guidance on a regulatory basis. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of Christian County, Kentucky. The budgetary comparison schedules and capital asset schedule are presented for purposes of additional analysis and are not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statement. The capital asset schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 13, 2014 on our consideration of Christian County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Adam H. Edelen", written in a cursive style.

Adam H. Edelen
Auditor of Public Accounts

February 13, 2014

CHRISTIAN COUNTY OFFICIALS

For The Year Ended June 30, 2013

Fiscal Court Members:

Steve Tribble	County Judge/Executive
Mark Cansler	County Magistrate
David Collins	County Magistrate
Terry Bowman	County Magistrate
James Fleming	County Magistrate
Edwin Long	County Magistrate
Rudolph Pettus	County Magistrate
Tom Jones	County Magistrate
Jack Lackey	County Magistrate

Other Elected Officials:

J. Michael Foster	County Attorney
Bradley Boyd	Jailer
Mike Kem	County Clerk
Gary Haddock	Circuit Court Clerk
Livy Leavell, Jr.	Sheriff
Angela Strader	Property Valuation Administrator
Dorris Lamb	Coroner

Appointed Personnel:

Walter Cummings	County Treasurer
Ruth Mason	Assistant County Treasurer
Nita Leavell	County Finance Officer

CHRISTIAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES AND CASH EQUIVALENTS - REGULATORY BASIS

For The Year Ended June 30, 2013

CHRISTIAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES AND CASH EQUIVALENTS - REGULATORY BASIS

For The Year Ended June 30, 2013

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 6,094,892	\$	\$
In Lieu Tax Payments	284,985		
Excess Fees	470,225		
Licenses and Permits	132,995		
Intergovernmental	1,317,530	3,250,810	5,418,309
Charges for Services	226,947		279,570
Miscellaneous	294,850	35,951	233,358
Interest	68,830	483	886
Total Receipts	<u>8,891,254</u>	<u>3,287,244</u>	<u>5,932,123</u>
DISBURSEMENTS			
General Government	1,975,405		
Protection to Persons and Property	344,160		4,956,239
General Health and Sanitation	651,365		
Social Services	107,123		
Recreation and Culture	347,061		
Roads		3,008,440	
Airports	29,390		
Debt Service			13,360
Capital Projects	326,535	122,000	
Administration	2,307,373	311,045	1,228,007
Total Disbursements	<u>6,088,412</u>	<u>3,441,485</u>	<u>6,197,606</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,802,842</u>	<u>(154,241)</u>	<u>(265,483)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds		625,000	760,000
Transfers To Other Funds	(1,558,997)	(255,119)	(570,821)
Total Other Adjustments to Cash (Uses)	<u>(1,558,997)</u>	<u>369,881</u>	<u>189,179</u>
Net Change in Cash Balances and Cash Equivalents	1,243,845	215,640	(76,304)
Cash Balances and Cash Equivalents - Beginning (Restated)	8,434,056	12,497	253,122
Cash Balances and Cash Equivalents - Ending	<u>\$ 9,677,901</u>	<u>\$ 228,137</u>	<u>\$ 176,818</u>

The accompanying notes are an integral part of the financial statement.

CHRISTIAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES AND CASH EQUIVALENTS - REGULATORY BASIS
For The Year Ended June 30, 2013
(Continued)

Budgeted Funds			Unbudgeted Funds
Local Government Economic Assistance Fund	Revolving Loan Fund	E-911 Fee Fund	Jail Commissary Fund
\$	\$	\$ 166,467	\$
152,895		225,446	604,360
		14,988	5,159
39	146	2,878	207
152,934	146	409,779	609,726
205,138	781	391,804	531,691
205,138	781	391,804	531,691
(52,204)	(635)	17,975	78,035
(52,204)	(635)	17,975	78,035
77,427	58,959	1,127,637	101,059
\$ 25,223	\$ 58,324	\$ 1,145,612	\$ 179,094

The accompanying notes are an integral part of the financial statement.

CHRISTIAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES AND CASH EQUIVALENTS - REGULATORY BASIS
For The Year Ended June 30, 2013
(Continued)

	Unbudgeted Funds		
	Industrial Development Authority Revolving Loan Fund	Public Courthouse Corporation Fund	General Obligation Bond Fund
RECEIPTS			
Taxes	\$	\$	\$
In Lieu Tax Payments			
Excess Fees			
Licenses and Permits			
Intergovernmental		1,378,461	
Charges for Services			
Miscellaneous	283,438		
Interest	8,376	4	5
Total Receipts	291,814	1,378,465	5
DISBURSEMENTS			
General Government			
Protection to Persons and Property			
General Health and Sanitation			
Social Services			
Recreation and Culture			
Roads			
Airports			
Debt Service		1,438,119	938,639
Capital Projects			
Administration	15	1,000	
Total Disbursements	15	1,439,119	938,639
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	291,799	(60,654)	(938,634)
Other Adjustments to Cash (Uses)			
Transfers From Other Funds		61,658	938,279
Transfers To Other Funds			
Total Other Adjustments to Cash (Uses)		61,658	938,279
Net Change in Cash Balances and Cash Equivalents	291,799	1,004	(355)
Cash Balances and Cash Equivalents - Beginning (Restated)	495,030	1,000	360
Cash Balances and Cash Equivalents - Ending	\$ 786,829	\$ 2,004	\$ 5

The accompanying notes are an integral part of the financial statement.

CHRISTIAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES AND CASH EQUIVALENTS - REGULATORY BASIS
For The Year Ended June 30, 2013
(Continued)

	Internal Service Fund
Total Funds	Health Insurance Fund
\$ 6,261,359	\$
284,985	
470,225	
132,995	
11,743,451	
1,110,877	
867,744	1,692,795
81,854	2,249
<u>20,953,490</u>	<u>1,695,044</u>
2,181,324	
5,692,203	
651,365	
107,123	
878,752	
3,008,440	
29,390	
2,390,118	
448,535	
<u>3,847,440</u>	<u>1,821,869</u>
<u>19,234,690</u>	<u>1,821,869</u>
<u>1,718,800</u>	<u>(126,825)</u>
2,384,937	
<u>(2,384,937)</u>	
1,718,800	(126,825)
10,561,147	781,527
<u>\$ 12,279,947</u>	<u>\$ 654,702</u>

The accompanying notes are an integral part of the financial statement.

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CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2013

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Christian County includes all budgeted and unbudgeted funds under the control of the Christian County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds include non-fiduciary financial activities that are within the county's control. Unbudgeted funds may also include any corporation created to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board. This basis of accounting involves the reporting of cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of receipts for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Revolving Loan Fund - The primary purpose of this fund is to account for Community Development Block Grant Revolving Loan proceeds. Loans are made from this fund to local businesses that meet the Department for Local Government criteria for small business loans. The Department for Local Government requires the Fiscal Court to maintain these receipts and disbursements separately from the General Fund.

E-911 Fee Fund - The primary purpose of this fund is to account for 911 tax receipts and emergency services disbursements.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Industrial Authority Revolving Loan Fund - The purpose of this fund is to account for the activities of the Christian County Industrial Authority, a blended component unit of the county. Activity of this fund includes the repayment of small business loans made by the Revolving Loan Fund. On November 12, 2003, the Department for Local Government approved an ordinance allowing this activity.

Public Courthouse Corporation Fund - The purpose of this fund is to account for the activities of the Public Courthouse Corporation, a blended component unit of the county. The Public Courthouse Corporation issues debt to build major facilities or additions. The Christian County Public Courthouse Corporation entered into a lease/sublease agreement with the Commonwealth of Kentucky, Administrative Office of the Courts to use and sublease all or a portion of certain facilities owned or to be constructed by or on behalf of the County. This lease/sublease agreement expires every two years.

General Obligation Bond Fund - The purpose of this fund is to account for debt service requirements of the general obligation refunding bonds. The Department for Local Government does not require the Fiscal Court to report or budget these funds.

Christian County Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit and to enhance the well-being of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Commissary Fund.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Internal Service Fund

The fiscal court reports one internal service fund.

Health Insurance Fund - The primary purpose of this fund is to account for the receipts and disbursements self insurance fund.

D. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

The State Local Finance Officer does not require the Industrial Authority Revolving Loan Fund to be budgeted. The Department for Local Government allowed Community Development Block Grant –loan repayments are made to the Industrial Authority Revolving Loan Fund to be loaned to other businesses through the Industrial Foundation.

The State Local Finance Officer does not require the Public Facilities Construction Corporation Fund or the General Obligation Bond to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

The State Local Finance Officer does not require the Christian County Jail Canteen Fund to be budgeted because the fiscal court does not approve the expenses of these funds.

E. Christian County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Christian County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of Christian County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240(4). As of June 30, 2013, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2013.

	General Fund	Road Fund	Jail Fund	Total Transfers In
Jail Fund	\$ 625,000			\$ 625,000
LGEA Fund	760,000			760,000
General Obligation Bond Fund	173,997	255,119	509,163	938,279
Public Courthouse Corporation			61,658	61,658
Total Transfers Out	<u>\$ 1,558,997</u>	<u>\$ 255,119</u>	<u>\$ 570,821</u>	<u>\$ 2,384,937</u>

Reason for transfers:

To move resources from and to the General Fund and other funds, for budgetary purposes, to the funds that will expend them.

Note 4. Trust Funds

Trust funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments.

The fiscal court has the following trust fund:

Animal Shelter Fund - This fund accounts for funds received by the local animal shelter. The balance of the Animal Shelter Fund as of June 30, 2013 was \$20,025.

Note 5. Receivables

- A. The County loaned \$100,000 to Maintainer Corporation of Kentucky on April 25, 2006 for the purpose of financing certain real estate. Terms of the agreement stipulate a 10-year repayment schedule at 4.0 percent interest. Records indicate Maintainer Corporation of Kentucky is in substantial compliance with this requirement. As of June 30, 2013, principal balance due was \$34,195.
- B. The County loaned \$150,000 to Hopkinsville Industrial Foundation, Inc. on April 1, 2011 for the purpose of making improvements to real estate. Terms of the agreement stipulate an 8-year repayment schedule at 1.5 percent interest. Records indicate Hopkinsville Industrial Foundation, Inc. is in substantial compliance with this requirement. As of June 30, 2013, principal balance due was \$114,167.
- C. The County loaned \$300,000 to Siemer Milling Company, on March 24, 2010 for the purpose of financing certain equipment. Terms of the agreement stipulate a 5-year repayment schedule at 2.5 percent interest. Records indicate Siemer Milling Company is in substantial compliance with this requirement. As of June 30, 2013, principal balance due was \$109,286.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 6. Long-term Debt

A. Revenue Refunding Bonds, Series 2007

The Christian County Public Courthouse Corporation (the "Corporation") was established by the County of Christian, Kentucky (the "County") to act as the agency and instrumentality of the County in acquiring, developing and financing public improvements and public projects. The Corporation issued its Christian County Public Courthouse Corporation Lease Revenue Bonds (District Court Facility Project), Series 2000, dated November 1, 2000, (the "Series 2000 Bonds") for the purpose of acquiring, constructing and furnishing a court facility and the completion of the renovation and improvement of the Christian County Corrections Center located in Hopkinsville, Kentucky.

The Corporation adopted at the direction of the Fiscal Court of the County, a resolution (the "Resolution") authorizing the Series 2007 Bonds for the purpose of paying the costs associated with the refunding and refinancing of the Series 2000 Bonds.

The Bonds are secured by a foreclosable first mortgage lien on the Project. The Bonds are also secured by the assignment by the Corporation of all its right, title and interest to a lease agreement with the County.

The Bonds in the amount of \$16,545,000 dated April 5, 2007, bear interest from that date as described herein, payable semi-annually on February 1 and August 1 of each year commencing August 1, 2007, at rates ranging from 3.50% to 4.00%. The Bonds mature on August 1 of each year, in the years and in the principal amounts shown below. The balance on these bonds as of June 30, 2013 was \$11,880,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal	Interest
2014	\$ 990,000	\$ 449,081
2015	1,025,000	413,178
2016	1,065,000	373,300
2017	1,110,000	329,800
2018	1,160,000	284,400
2019-2023	6,530,000	673,600
Totals	<u>\$ 11,880,000</u>	<u>\$ 2,523,359</u>

B. Christian County (KY) General Obligation Recovery Zone Economic Development and Refunding Bonds, Series 2010 A&B

On June 1, 2010, the Fiscal Court issued two bonds, Series 2010A Recovery Zone Economic Development Bonds in the amount of \$2,045,000 and Series 2010B General Obligation Refunding Bonds in the amount of \$1,960,000. Series 2010A was issued for the purpose of road work to be performed on county roads and Series 2010B was issued for the purpose of refunding General Obligation Bonds, Series 1998. The Series 2010A bonds bear interest of 3.60% and the Series 2010B bonds bear interest of 2.00%. Payments are due on December 1 and June 1 of each year. The maturity date of the bonds is June 30, 2020. The balance of these bonds as of June 30, 2013 was \$2,890,000. Annual debt service requirements to maturity for the bonds are as follows:

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 6. Long-term Debt (Continued)

B. Christian County (KY) General Obligation Recovery Zone Economic Development and Refunding Bonds, Series 2010 A&B (Continued)

Fiscal Year Ended June 30	Principal	Interest
2013	\$ 390,000	\$ 86,613
2014	395,000	75,563
2015	400,000	64,463
2016	410,000	52,633
2017	420,000	39,754
2018-2020	875,000	37,583
Totals	<u>\$ 2,890,000</u>	<u>\$ 356,609</u>

C. General Obligation Refunding Bonds, Series 2011

On November 30, 2011, the County of Christian, Kentucky issued General Obligation Refunding Bonds, Series 2011 in the amount of \$3,785,000. The proceeds will be used to refinance financing obligations with Kentucky Association of Counties Leasing Trust Program for the Energy Conservation Project in the amount of \$2,185,000 and the Jail Renovation in the amount of \$1,565,000. The bonds bear interest of 2.00% to 3.125%. Payments are due on February 1 and August 1 of each year. The maturity date of the bonds is June 30, 2027. The balance of these bonds as of June 30, 2013 was \$3,085,000. Annual debt service requirements to maturity for the bonds are as follows:

Fiscal Year Ended June 30	Principal	Interest
2013	\$ 390,000	\$ 73,656
2014	395,000	65,856
2015	400,000	57,956
2016	405,000	49,956
2017	135,000	41,856
2018-2022	710,000	161,081
2023-2027	650,000	50,969
Totals	<u>\$ 3,085,000</u>	<u>\$ 501,330</u>

D. Campbell Office Building

On August 27, 2010 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$103,500 at a 4.55% effective interest rate. The financing obligation was used to purchase the Campbell Office Building for the Christian County Detention Center. The maturity date of the obligation is August 20, 2020. The balance of the financing obligation at June 30, 2013 was \$77,046. Annual debt service requirements to maturity are as follows:

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 6. Long-term Debt (Continued)

D. Campbell Office Building (Continued)

Fiscal Year Ended June 30	Principal	Interest
2014	\$ 9,847	\$ 3,338
2015	10,127	2,880
2016	10,410	2,413
2017	10,709	1,923
2018	11,012	1,423
2019-2021	24,941	1,305
Totals	<u>\$ 77,046</u>	<u>\$ 13,282</u>

E. Sheriff's Vehicles – 2011

On April 28, 2011 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$100,000 at a 4.55% effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The maturity date of the obligation is January 20, 2015. The balance of the financing obligation at June 30, 2013 was \$50,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal	Interest
2014	\$ 25,000	\$ 1,232
2015	25,000	95
Totals	<u>\$ 50,000</u>	<u>\$ 1,327</u>

F. Sheriff's Vehicles – 2012

On March 28, 2012 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$112,000 at a 4.55% effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The maturity date of the obligation is January 20, 2016. The balance of the financing obligation at June 30, 2013 was \$84,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal	Interest
2014	\$ 28,000	\$ 3,341
2015	28,000	2,049
2016	28,000	757
Totals	<u>\$ 84,000</u>	<u>\$ 6,147</u>

G. Sheriff's Vehicles – 2013

On March 12, 2013 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$204,624 at a 4.55% effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The maturity date of the obligation is January 20, 2017. The balance of the financing obligation at June 30, 2013 was \$204,624. Annual debt service requirements to maturity are as follows:

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 6. Long-term Debt (Continued)

G. Sheriff's Vehicles – 2013 (Continued)

Fiscal Year Ended June 30	Principal	Interest
2014	\$ 49,868	\$ 8,242
2015	50,454	7,034
2016	51,577	4,741
2017	52,725	2,397
Totals	<u>\$ 204,624</u>	<u>\$ 22,414</u>

H. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 6,735,000	\$	\$ 760,000	\$ 5,975,000	\$ 780,000
Revenue Bonds	12,835,000		955,000	11,880,000	990,000
Financing Obligations	324,026	204,624	112,980	415,670	112,715
Total Long-term Debt	<u>\$ 19,894,026</u>	<u>\$ 204,624</u>	<u>\$ 1,827,980</u>	<u>\$ 18,270,670</u>	<u>\$ 1,882,715</u>

Note 7. Commitments and Contingencies

The County is involved in multiple lawsuits that arose from the normal course of doing business. While individually they may not be significant; in the aggregate, they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 8. Employee Retirement System

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 19.55 percent.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 8. Employee Retirement System (Continued)

The county's contribution for FY 2011 was \$526,851, FY 2012 was \$585,748, and FY 2013 was \$613,176.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

CERS also provides post retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 9. Deferred Compensation

On December 19, 2000, the Christian County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 10. Insurance

For the fiscal year ended June 30, 2013, Christian County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Health Insurance

Christian County Fiscal Court elected to begin a partially self-funded health insurance plan for fiscal year ended June 30, 1998. This partially self-funded insurance plan covers all county employees, and the county pays for each county employee's individual coverage. Christian County contracted with Anthem Blue Cross and Blue Shield to administer the employee benefit plan for the 2012-2013 fiscal year.

This partially self-funded insurance plan has two distinct components that the fiscal court must pay. The first component is the fixed cost, which consists of administrative fees associated with operating the plan, and specific and aggregate reinsurance costs that cap the county's claims exposure on an individual and aggregate basis. Incurred fixed costs for fiscal year ending June 30, 2013 were \$334,642. The second component is the claims cost, all of which Christian County is responsible to pay as they incur. Once an individual exceeds \$60,000 in claims or the County's aggregate claims exceed the predetermined maximum, then the County will receive reimbursements from the reinsurance carrier. Incurred claims for fiscal year ended June 30, 2013 were \$1,487,195. Christian County Fiscal Court's contract with Anthem Blue Cross and Blue Shield has no terminal liability provision. The Court would be responsible to pay all run-out claims after termination. The Health Insurance Fund had a balance of \$654,702 as of June 30, 2013.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 12. Related Party Transactions

The Christian County Fiscal Court paid a total of \$122,000 to Westate Construction for bridge work. Magistrate David Collins' brother-in-law is part owner of Westate Construction. Additionally, David Collins is a compensated member of the advisory board of Branch Bank and Trust where the fiscal court maintains various checking accounts.

Note 13. Prior Period Adjustments

Ending Cash Balance Prior Year	\$ 11,342,329
Adjustments:	
Prior Year Voided Checks -Jail Commissary Fund	955
KACOLT Accounts Not Maintained By County-General Fund	(603)
Rounding Errors	<u>(7)</u>
Beginning Fund Balance - Restated	<u>\$ 11,342,674</u>

Note 14. Change in Basis of Accounting

Christian County, Kentucky, has changed its basis of accounting from presenting its financial statements in accordance with the modified cash basis of accounting and relevant Government Accounting Standards Board (GASB) pronouncements to the regulatory basis of accounting as prescribed or permitted by the Department for Local Government and the laws of the Commonwealth of Kentucky. The accounting change had no effect on the beginning cash balances of the various county funds as presented.

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2013

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2013

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 5,878,055	\$ 5,878,055	\$ 6,094,892	\$ 216,837
In Lieu Tax Payments	308,824	308,824	284,985	(23,839)
Excess Fees	427,250	427,250	470,225	42,975
Licenses and Permits	116,894	116,894	132,995	16,101
Intergovernmental	3,455,966	3,455,966	1,317,530	(2,138,436)
Charges for Services	228,168	228,168	226,947	(1,221)
Miscellaneous	58,498	58,498	294,850	236,352
Interest	75,406	75,406	68,830	(6,576)
Total Receipts	10,549,061	10,549,061	8,891,254	(1,657,807)
DISBURSEMENTS				
General Government	2,935,062	2,937,064	1,975,405	961,659
Protection to Persons and Property	600,757	610,549	344,160	266,389
General Health and Sanitation	589,753	676,880	651,365	25,515
Social Services	104,676	109,645	107,123	2,522
Recreation and Culture	347,114	348,789	347,061	1,728
Airports	28,000	29,390	29,390	
Debt Service	174,356	174,356	173,997	359
Capital Projects	1,697,629	1,697,629	326,535	1,371,094
Administration	2,905,512	2,798,557	2,307,373	491,184
Total Disbursements	9,382,859	9,382,859	6,262,409	3,120,450
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	1,166,202	1,166,202	2,628,845	1,462,643
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				
Transfers To Other Funds	(3,923,640)	(3,923,640)	(1,385,000)	2,538,640
Total Other Adjustments to Cash (Uses)	(3,923,640)	(3,923,640)	(1,385,000)	2,538,640
Net Change in Cash Balances and Cash Equivalents	(2,757,438)	(2,757,438)	1,243,845	4,001,283
Cash Balances and Cash Equivalents - Beginning (Restated)	2,757,438	2,757,438	8,434,056	5,676,618
Cash Balances and Cash Equivalents - Ending	\$ 0	\$ 0	\$ 9,677,901	\$ 9,677,901

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

ROAD FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,536,474	\$ 2,536,474	\$ 3,250,810	\$ 714,336
Miscellaneous	42,100	42,100	35,951	(6,149)
Interest	700	700	483	(217)
Total Receipts	2,579,274	2,579,274	3,287,244	707,970
DISBURSEMENTS				
Roads	3,263,952	3,239,229	3,008,440	230,789
Debt Service	255,120	255,120	255,119	1
Capital Projects	88,000	122,000	122,000	
Administration	364,186	354,909	311,045	43,864
Total Disbursements	3,971,258	3,971,258	3,696,604	274,654
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,391,984)	(1,391,984)	(409,360)	982,624
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,381,984	1,381,984	625,000	(756,984)
Total Other Adjustments to Cash (Uses)	1,381,984	1,381,984	625,000	(756,984)
Net Change in Cash Balances and Cash Equivalents	(10,000)	(10,000)	215,640	225,640
Cash Balances and Cash Equivalents - Beginning	10,000	10,000	12,497	2,497
Cash Balances and Cash Equivalents - Ending	\$ 0	\$ 0	\$ 228,137	\$ 228,137

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 4,263,648	\$ 4,263,648	\$ 5,418,309	\$ 1,154,661
Charges for Services	245,500	245,500	279,570	34,070
Miscellaneous	206,100	206,100	233,358	27,258
Interest	350	350	886	536
Total Receipts	<u>4,715,598</u>	<u>4,715,598</u>	<u>5,932,123</u>	<u>1,216,525</u>
DISBURSEMENTS				
Protection to Persons and Property	5,388,056	5,363,836	4,956,239	407,597
Debt Service	584,182	584,182	584,181	1
Administration	<u>1,320,016</u>	<u>1,344,236</u>	<u>1,228,007</u>	<u>116,229</u>
Total Disbursements	<u>7,292,254</u>	<u>7,292,254</u>	<u>6,768,427</u>	<u>523,827</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,576,656)</u>	<u>(2,576,656)</u>	<u>(836,304)</u>	<u>1,740,352</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>2,541,656</u>	<u>2,541,656</u>	<u>760,000</u>	<u>(1,781,656)</u>
Total Other Adjustments to Cash (Uses)	<u>2,541,656</u>	<u>2,541,656</u>	<u>760,000</u>	<u>(1,781,656)</u>
Net Change in Cash Balances and Cash Equivalents	(35,000)	(35,000)	(76,304)	(41,304)
Cash Balances and Cash Equivalents - Beginning	<u>35,000</u>	<u>35,000</u>	<u>253,122</u>	<u>218,122</u>
Cash Balances and Cash Equivalents - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 176,818</u>	<u>\$ 176,818</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 195,600	\$ 195,600	\$ 152,895	\$ (42,705)
Interest			39	39
Total Receipts	195,600	195,600	152,934	(42,666)
DISBURSEMENTS				
Roads	205,600	205,600	205,138	462
Total Disbursements	205,600	205,600	205,138	462
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(10,000)	(10,000)	(52,204)	(42,204)
Net Change in Cash Balances and Cash Equivalents	(10,000)	(10,000)	(52,204)	(42,204)
Cash Balances and Cash Equivalents - Beginning	10,000	10,000	77,427	67,427
Cash Balances and Cash Equivalents - Ending	\$ 0	\$ 0	\$ 25,223	\$ 25,223

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

REVOLVING LOAN FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 100	\$ 100	\$	\$ (100)
Interest	110	110	146	36
Total Receipts	210	210	146	(64)
DISBURSEMENTS				
Protection to Persons and Property	58,895	58,895	781	58,114
Total Disbursements	58,895	58,895	781	58,114
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(58,685)	(58,685)	(635)	58,050
Net Change in Cash Balances and Cash Equivalents	(58,685)	(58,685)	(635)	58,050
Cash Balances and Cash Equivalents - Beginning	58,685	58,685	58,959	274
Cash Balances and Cash Equivalents - Ending	\$ 0	\$ 0	\$ 58,324	\$ 58,324

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

E911 FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 185,600	\$ 185,600	\$ 166,467	\$ (19,133)
Intergovernmental	241,500	241,500	225,446	(16,054)
Miscellaneous			14,988	14,988
Interest	2,350	2,350	2,878	528
Total Receipts	429,450	429,450	409,779	(19,671)
DISBURSEMENTS				
Protection to Persons and Property	1,181,000	1,181,000	391,804	789,196
Administration	10,000	10,000		10,000
Total Disbursements	1,191,000	1,191,000	391,804	799,196
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(761,550)	(761,550)	17,975	779,525
Net Change in Cash Balances and Cash Equivalents	(761,550)	(761,550)	17,975	779,525
Cash Balances and Cash Equivalents - Beginning	761,550	761,550	1,127,637	366,087
Cash Balances and Cash Equivalents - Ending	\$ 0	\$ 0	\$ 1,145,612	\$ 1,145,612

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

HEALTH INSURANCE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$ 1,603,743	\$ 1,603,743	\$ 1,692,795	\$ 89,052
Interest	3,700	3,700	2,249	(1,451)
Total Receipts	1,607,443	1,607,443	1,695,044	87,601
DISBURSEMENTS				
Administration	2,452,443	2,452,443	1,821,869	630,574
Total Disbursements	2,452,443	2,452,443	1,821,869	630,574
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(845,000)	(845,000)	(126,825)	718,175
Net Change in Cash Balances and Cash Equivalents	(845,000)	(845,000)	(126,825)	718,175
Cash Balances and Cash Equivalents - Beginning	845,000	845,000	781,527	(63,473)
Cash Balances and Cash Equivalents - Ending	\$ 0	\$ 0	\$ 654,702	\$ 654,702

CHRISTIAN COUNTY
NOTES TO SUPPLEMENTARY INFORMATION

June 30, 2013

Note 1. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

Note 2. Reconciliation of the General Fund, Road Fund, and Jail Fund

The *Statement of Receipts, Disbursements, and Changes in Cash Balances and Cash Equivalents-Regulatory Basis* differs from the *Budgetary Comparison Schedule* for the General Fund, Road Fund and Jail Fund. The schedules below detail the differences.

Reconciliation of the General Fund

Debt Service-Budgetary Basis	\$ 173,997
To adjust for Debt Service Payments	
Transferred to General Obligation Bond Fund	<u>(173,997)</u>
Total Debt Service-Regulatory Basis	<u>\$ 0</u>
Transfers to Other Funds-Budgetary Basis	\$ (1,385,000)
To adjust for Debt Service Payments	
Transferred to General Obligation Bond Fund	<u>(173,997)</u>
Total Transfers To Other Funds-Regulatory Basis	<u>\$ (1,558,997)</u>

Reconciliation of the Road Fund

Debt Service-Budgetary Basis	\$ 255,119
To adjust for Debt Service Payments	
Transferred to General Obligation Bond Fund	<u>(255,119)</u>
Total Debt Service-Regulatory Basis	<u>\$</u>
Transfers to Other Funds-Budgetary Basis	\$
To adjust for Debt Service Payments	
Transferred to General Obligation Bond Fund	<u>(255,119)</u>
Total Transfers To Other Funds-Regulatory Basis	<u>\$ (255,119)</u>

CHRISTIAN COUNTY
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2013
(Continued)

Note 2. Reconciliation of the General Fund, Road Fund, and Jail Fund (Continued)

Reconciliation of the Jail Fund

Debt Service-Budgetary Basis	\$ 584,181
To adjust for Debt Service Payments	
Transferred to Public Courthouse Corporation Fund	(61,658)
Transferred to General Obligation Bond Fund	<u>(509,163)</u>
Total Debt Service-Regulatory Basis	<u>\$ 13,360</u>
 Transfers to Other Funds-Budgetary Basis	 \$
To adjust for Debt Service Payments	
Transferred to Public Courthouse Corporation Fund	(61,658)
Transferred to General Obligation Bond Fund	<u>(509,163)</u>
Total Transfers To Other Funds-Regulatory Basis	<u>\$ (570,821)</u>

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CHRISTIAN COUNTY
SUPPLEMENTARY SCHEDULE
Other Information - Regulatory Basis

For The Year Ended June 30, 2013

CHRISTIAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2013

The fiscal court reports the following schedule of capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 2,263,092	\$	\$	\$ 2,263,092
Construction In Progress		154,837		154,837
Land Improvements	125,096			125,096
Buildings	35,112,708	252,107		35,364,815
Vehicles and Equipment	3,853,020	258,131	19,572	4,091,579
Furniture and Office Equipment	1,207,664			1,207,664
Infrastructure	16,682,835	1,857,066		18,539,901
 Total Capital Assets	 <u>\$ 59,244,415</u>	 <u>\$ 2,522,141</u>	 <u>\$ 19,572</u>	 <u>\$61,746,984</u>

CHRISTIAN COUNTY
NOTES TO OTHER INFORMATION

June 30, 2013

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 25,000	10-60
Buildings	50,000	10-75
Building Improvements	50,000	10-75
Machinery and Equipment	5,000	3-25
Vehicles	5,000	2-40
Infrastructure	25,000	10-50

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Tribble, Christian County Judge/Executive
Members of the Christian County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of Financial
Statement Performed In Accordance With Government Auditing Standards**

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Cash Balances and Cash Equivalents - Regulatory Basis of the Christian County Fiscal Court for the fiscal year ended June 30, 2013 and the related notes to the financial statement and have issued our report thereon dated February 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Christian County Fiscal Court's internal control over financial reporting to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Christian County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Christian County Fiscal Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Christian County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Adam H. Edelen
Auditor of Public Accounts

February 13, 2014

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

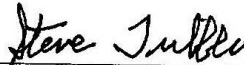
CHRISTIAN COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2013**


CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
CHRISTIAN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2013

The Christian County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



County Judge/Executive



County Treasurer

